

# **STATE OF MICHIGAN**



**2001-02**

## **FISCAL DIGEST**

**PREPARED BY  
THE STAFF OF THE  
SENATE FISCAL AGENCY**

**March 2002**





# **STATE OF MICHIGAN SENATE FISCAL AGENCY**



March 2002

TO MEMBERS OF THE MICHIGAN SENATE:

I am pleased to transmit to your office a copy of a Senate Fiscal Agency publication entitled "2001-02 Fiscal Digest". The Senate Fiscal Agency developed this booklet in an effort to provide Senators and their staffs with a single comprehensive document regarding basic information on the State budget, and this is the twelfth year it has been published.

The "2001-02 Fiscal Digest" contains information on current State appropriations, State revenues, and selected State economic indicators. Included in the booklet is a glossary of commonly used budget terms and a listing, by assignment area, of all Senate Fiscal Agency staff.

I hope this booklet will prove to be a valuable reference for you, and I would appreciate any comments that you may have concerning this publication.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gary S. Olson', written over the printed name.

Gary S. Olson  
Director



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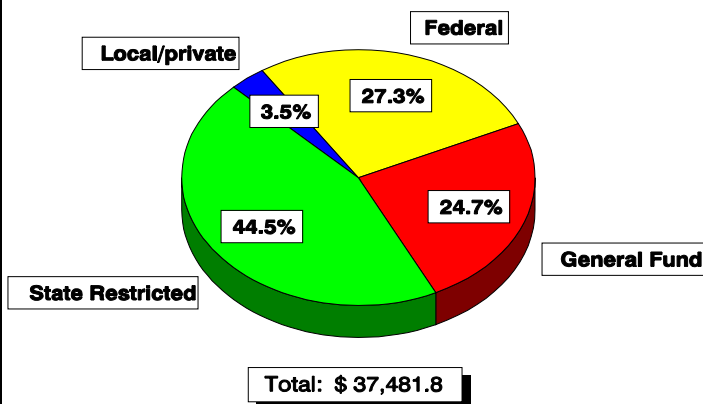
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**TOTAL STATE APPROPRIATIONS  
BY FUND SOURCE  
FY 2001-02  
(millions of dollars)**

	<b>Dollars</b>	<b>Percent of Total</b>
Federal Funds	\$10,228.0	27.3%
State Restricted Funds	16,686.7	44.5
Local/Private Funds	1,303.0	3.5
General Fund/General Purpose	<u>9,264.1</u>	<u>24.7</u>
Adjusted Gross Appropriations	\$37,481.8	100.0%

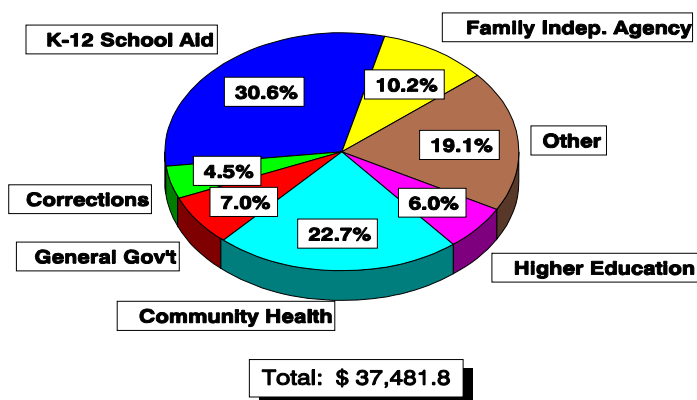
**Appropriations by Source of Funds  
FY 2001-02 Year-To-Date Appropriations**



**ADJUSTED GROSS APPROPRIATIONS**  
**FY 2001-02**  
**(millions of dollars)**

	<b>Dollars</b>	<b>Percent of Total</b>
Family Independence Agency	\$3,809.2	10.2%
Community Health	8,499.8	22.7
Corrections	1,677.3	4.5
K-12 School Aid	11,451.1	30.6
Higher Education	2,262.4	6.0
General Government	2,616.0	7.0
All Others	<u>7,165.9</u>	<u>19.1</u>
Total	\$37,481.8	100.0%

**Adjusted Gross**  
**FY 2001-02 Year-To-Date Appropriations**





**ADJUSTED GROSS APPROPRIATIONS  
FY 2000-01 VERSUS FY 2001-02  
(actual dollars)**

	<b>FY 2000-01 Yr. To Date</b>	<b>FY 2001-02 Yr. To Date</b>	<b>Percent Change</b>
Agriculture	\$107,213,600	\$86,933,600	(18.9)
Attorney General	52,415,364	53,143,600	1.4
Capital Outlay	455,771,100	479,161,200	5.1
Career Development	547,387,700	525,121,600	0.0
Civil Rights	15,200,900	15,267,000	0.4
Civil Service	30,260,600	26,788,340	(11.5)
Community Colleges	325,011,719	321,596,319	(1.1)
Community Health	8,518,471,300	8,499,816,200	(0.2)
Consumer & Industry Services	543,729,600	557,368,600	2.5
Corrections	1,699,566,400	1,677,301,400	(1.3)
Education	929,476,900	994,606,900	7.0
Environmental Quality (Op.)	392,605,600	379,953,300	(3.2)
Environmental Quality (Bond)	89,598,000	60,266,000	(32.7)
Executive	5,651,200	5,480,900	(3.0)
Family Independence Agency	3,719,799,800	3,809,220,200	2.4
Higher Education	1,910,550,908	1,940,842,366	1.6
History, Arts and Libraries	0	74,545,700	100.0
Judiciary	233,305,500	238,631,400	2.3
Legislative Auditor General*	13,450,100	0	(100.0)
Legislature	106,420,700	124,237,800	16.7
Library of Michigan**	39,916,700	0	(100.0)
Management & Budget	102,981,700	87,715,400	(14.8)
Military & Veteran Affairs	102,611,500	100,157,975	(2.4)
Natural Resources (Op.)	257,942,100	249,260,700	(3.4)
Natural Resources Bond	46,742,100	0	(100.0)
Natural Resources Trust	38,240,400	37,601,200	0.0
School Aid	10,892,285,000	11,451,113,400	5.1
State	134,073,400	83,474,300	(37.7)
State Police	410,618,450	387,356,300	(5.7)
Strategic Fund Agency	225,817,100	168,990,600	0.0
Transportation	3,026,013,725	3,064,612,900	1.3
Treasury (Debt Service)	91,570,500	105,995,000	15.8
Treasury (Operations)	350,950,800	334,645,200	(4.6)
Treasury (Revenue Sharing)	1,555,500,000	1,540,600,000	(1.0)
<b>Total Appropriations</b>	<b>\$36,971,150,466</b>	<b>\$37,481,805,400</b>	<b>1.4</b>

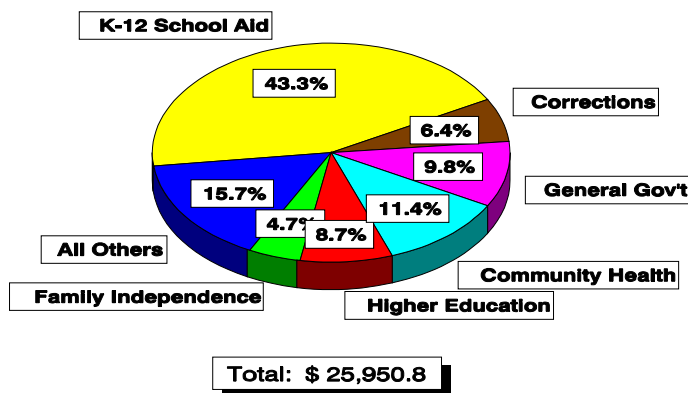
\*The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.

\*\*The appropriation for the Library of Michigan is transferred to a line item in the Department of History, Arts & Libraries.

**STATE SPENDING FROM STATE  
RESOURCES APPROPRIATIONS  
FY 2001-02  
(millions of dollars)**

	Dollars	Percent of Total
Family Independence Agency	\$1,209.0	4.7%
Community Health	2,956.1	11.4
Corrections	1,648.9	6.4
K-12 School Aid	11,248.1	43.3
Higher Education	2,257.5	8.7
General Government	2,555.3	9.8
All Others	<u>4,075.8</u>	<u>15.7</u>
Total	\$25,950.8	100.0%

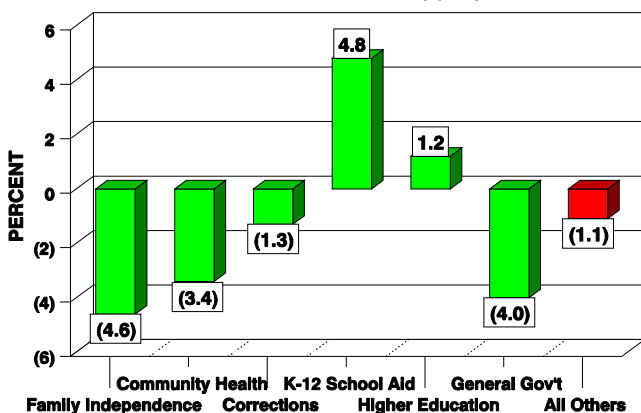
**State Spending from State Resources  
FY 2001-02 Year-To-Date Appropriations**



**STATE SPENDING FROM STATE  
RESOURCES APPROPRIATIONS  
FY 2000-01 VERSUS FY 2001-02  
(millions of dollars)**

	<b>FY 2000-01 Yr. to Date</b>	<b>FY 2001-02 Yr. to Date</b>	<b>Dollar Change</b>
Family Independence	\$1,267.1	\$1,209.0	\$ (58.1)
Community Health	3,059.2	2,956.1	(103.1)
Corrections	1,670.5	1,648.9	(21.5)
K-12 School Aid	10,732.3	11,248.1	515.8
Higher Education	2,231.7	2,257.5	25.9
General Government	2,662.5	2,555.3	(107.2)
All Others	<u>4,119.4</u>	<u>4,075.8</u>	<u>(43.5)</u>
Total	\$25,742.5	\$25,950.8	\$208.2

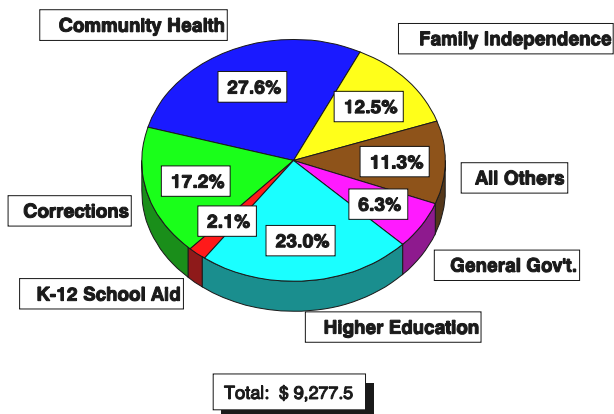
**Growth in State Spending from State Resources  
FY 2000-01 over FY 2001-02 Appropriations**



**GENERAL FUND/GENERAL PURPOSE  
APPROPRIATIONS  
FY 2001-02  
(millions of dollars)**

	Dollars	Percent of Total
Family Independence Agency	\$1,155.8	12.5%
Community Health	2,560.7	27.6
Corrections	1,599.5	17.2
K-12 School Aid	198.4	2.1
Higher Education	2,132.3	23.0
General Government	582.4	6.3
All Others	<u>1,048.5</u>	<u>11.3</u>
Total	\$9,277.5	100.0%

**General Fund General Purpose  
FY 2001-02 Year-To-Date Appropriations**



**GENERAL FUND/GENERAL PURPOSE  
APPROPRIATIONS  
FY 2000-01 VERSUS FY 2001-02  
(actual dollars)**

	<b>FY 2000-01 Yr. to Date</b>	<b>FY 2001-02 Yr. to Date</b>	<b>Percent Change</b>
Agriculture	\$ 51,594,600	\$ 41,396,000	(19.8)
Attorney General	35,271,000	35,475,300	0.6
Capital Outlay	292,479,700	315,866,700	8.0
Career Development	30,331,400	34,602,700	0.0
Civil Rights	14,266,900	14,333,000	0.5
Civil Service	12,373,900	10,656,340	(13.9)
Community Colleges	315,011,719	319,596,319	1.5
Community Health	2,673,556,200	2,560,657,800	(4.2)
Consumer & Industry Services	83,343,500	37,896,700	(54.5)
Corrections	1,619,600,500	1,599,453,900	(1.2)
Education	35,155,300	32,400,800	(7.8)
Environmental Quality (Op.)	99,406,600	83,613,700	(15.9)
Environmental Quality (Bond)	0	0	0.0
Executive	5,651,200	5,480,900	(3.0)
Family Independence Agency	1,216,438,300	1,155,780,800	(5.0)
Higher Education	1,785,850,608	1,812,668,516	1.5
History, Arts and Libraries	0	64,609,100	100.0
Judiciary	170,316,800	175,223,900	2.9
Legislative Auditor General*	13,183,500	0	(100.0)
Legislature	104,978,900	122,359,200	16.6
Library of Michigan**	35,197,400	0	(100.0)
Management & Budget	56,026,000	43,868,200	(21.7)
Military and Veteran Affairs	41,647,700	40,039,475	(3.9)
Natural Resources (Op.)	53,678,800	45,313,100	(15.6)
Natural Resources (Bond)	0	0	0.0
Natural Resources Trust Fund	0	0	0.0
School Aid	385,613,500	198,413,500	(48.5)
State	66,804,600	17,718,700	(73.5)
State Police	321,355,600	292,620,000	(8.9)
Strategic Fund Agency	65,274,900	60,156,200	(7.8)
Transportation	0	0	0.0
Treasury (Debt Service)	90,870,500	105,295,000	15.9
Treasury (Operations)	69,103,000	51,991,000	(24.8)
Treasury (Revenue Sharing)	0	0	0.0
<b>Total Appropriations</b>	<b>\$9,744,382,627</b>	<b>\$9,277,486,850</b>	<b>(4.8)</b>

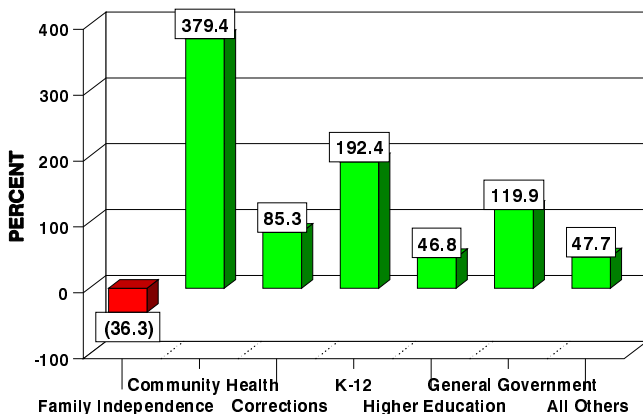
\*The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.

\*\*The appropriation for the Library of Michigan is transferred to a line item in the Department of History, Arts and Libraries.

# **ADJUSTED GROSS APPROPRIATIONS TEN-YEAR HISTORY (millions of dollars)**

	<b>FY 1991-92 Yr. to Date</b>	<b>FY 2001-02 Yr. to Date</b>	<b>Dollar Change</b>
Family Independence	\$5,979.0	\$3,809.2	\$(2,169.8)
Community Health	1,772.9	8,499.8	6,726.9
Corrections	905.2	1,677.3	772.1
K-12 School Aid	3,915.8	11,451.1	7,535.3
Higher Education	1,541.0	2,262.4	721.5
General Government	1,189.9	2,616.0	1,426.1
All Others	<u>4,851.5</u>	<u>7,165.9</u>	<u>2,314.5</u>
<b>Total</b>	<b>\$20,155.2</b>	<b>\$37,481.8</b>	<b>\$17,326.6</b>

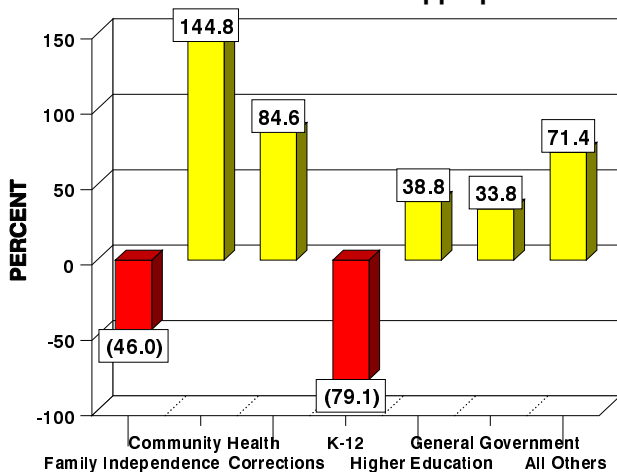
**Growth in Adjusted Gross Appropriations  
FY 2001-02 over FY 1991-92**



**GENERAL FUND/GENERAL PURPOSE  
APPROPRIATIONS  
TEN-YEAR HISTORY  
(millions of dollars)**

	<b>FY 1991-92 Yr. to Date</b>	<b>FY 2001-02 Yr. to Date</b>	<b>Dollar Change</b>
Family Independence	\$2,140.2	\$1,155.8	\$(984.4)
Community Health	1,046.0	2,560.7	1,514.6
Corrections	866.6	1,599.5	732.9
K-12 School Aid	947.5	198.4	(749.1)
Higher Education	1,536.8	2,132.3	595.5
General Government	435.2	582.4	147.2
All Others	<u>611.8</u>	<u>1,048.5</u>	<u>436.7</u>
Total	\$7,588.0	\$9,277.5	\$1,689.5

**Growth in General Fund/General Purpose  
FY 2001-02 over FY 1991-92 Appropriations**



**AVERAGE NUMBER OF CLASSIFIED EMPLOYEES (HEADCOUNT) BY DEPARTMENT  
FY 1993-94 THROUGH FY 2000-01**

	<b>FY 1993-94</b>	<b>FY 1994-95</b>	<b>FY 1995-96</b>	<b>FY 1996-97</b>	<b>FY 1997-98</b>	<b>FY 1998-99</b>	<b>FY 1999-00</b>	<b>FY 2000-01</b>
Agriculture	535	549	599	606	631	632	657	697
Attorney General	519	522	539	552	547	549	559	558
Biologic Products Institute	---	---	122	107	77	---	---	---
Career Development	627	864	953	890	1,101	1,149	1,055	1,088
CIS-Unemployment Agency	2,489	2,341	2,231	2,026	1,495	1,298	1,192	---
Civil Rights	174	183	179	166	159	163	160	166
Civil Service	310	307	294	224	205	207	206	206
Community Health	7,784	7,696	7,644	6,437	5,758	5,810	5,914	5,838
Consumer and Industry Services	2,376	1,994	2,039	2,635	2,554	2,611	2,651	3,823
Corrections	14,592	15,394	16,100	16,270	16,714	17,063	17,652	18,296
Education	1,060	721	558	512	436	442	403	396
Environmental Quality	---	---	1,419	1,472	1,479	1,545	1,605	1,617
Executive Office	62	59	60	61	65	63	65	67
Family Independence Agency	13,998	14,429	14,107	12,981	12,443	12,836	13,254	13,139
Labor	714	721	680	---	---	---	---	---



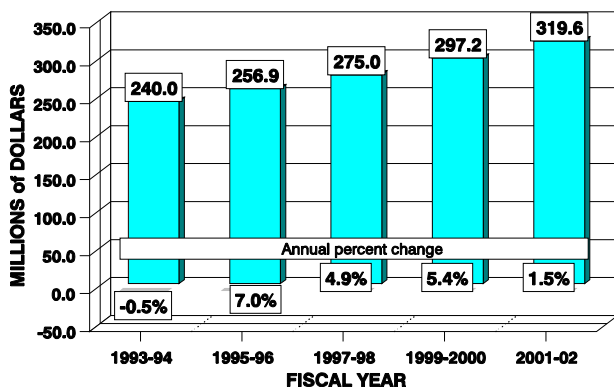
**AVERAGE NUMBER OF CLASSIFIED EMPLOYEES (HEADCOUNT) BY DEPARTMENT  
FY 1993-94 THROUGH FY 2000-01 (CONTINUED)**

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
Legislative Auditor General	162	167	162	164	163	169	174	179
Lottery	212	210	193	181	179	---	---	---
Mgt. & Budget	1,246	1,337	1,487	1,561	1,495	1,719	1,936	1,931
Military and Veterans Affairs	948	992	979	948	900	949	987	970
Natural Resources	3,718	3,900	2,623	2,480	2,445	2,510	2,506	2,509
State	2,136	2,116	2,190	2,211	2,174	2,231	2,257	2,267
State Police	2,889	2,998	3,121	3,034	3,014	3,159	3,190	3,240
Transportation	3,524	3,551	3,515	3,312	2,960	3,196	3,244	3,253
Transportation Bridge Authority	135	136	140	143	150	---	---	---
Treasury	1,452	1,485	1,595	1,529	1,531	1,765	1,826	1,817
<b>TOTAL:</b>	<b>61,662</b>	<b>62,672</b>	<b>63,529</b>	<b>60,502</b>	<b>58,675</b>	<b>60,066</b>	<b>61,493</b>	<b>62,057</b>
<b>Percent Change:</b>	<b>1.1</b>	<b>1.6</b>	<b>1.4</b>	<b>(4.8)</b>	<b>(0.3)</b>	<b>2.4</b>	<b>2.4</b>	<b>0.9</b>

*Source:* Department of Civil Service Annual Work Force Report.

## COMMUNITY COLLEGES

### Community Colleges General Fund Appropriations FY 1993-94 to FY 2001-02



### FY 2001-02 State General Fund Allocations (in thousands)

State Aid Operations	\$315,504,216
At-Risk Student Success Program	3,692,103
Renaissance Zone Tax Reimbursement Funding	<u>400,000</u>
<b>TOTAL:</b>	<b>\$319,596,319</b>

<u>Sources of Funding</u>	<u>FY 1989-90</u>	<u>FY 1999-2000*</u>
State Aid	38.0%	33.0%
Local Tax Revenue	26.5	36.3
Tuition & Fees	30.3	27.0
Other	<u>5.2</u>	<u>3.8</u>
<b>TOTAL:</b>	<b>100.0%</b>	<b>100.0%</b>

\*Most recent data.

## COMMUNITY COLLEGE FUNDING

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### Operations Appropriations

Since FY 1984-85, Michigan's 28 Community Colleges have at least in part been funded using the Gast-Mathieu Fairness in Funding Formula which incorporates student contact hours, statewide average cost of delivery of instructional services, physical plant operations, energy needs, local tax effort and a variety of other factors. In FY 2001-02, community colleges received a 1.5% overall increase in General Fund appropriations over FY 2000-01. Of that, each college received a minimum increase of 1.0% in their base funding amount, with the balance of the total funding distributed according to the Gast-Mathieu Fairness in Funding Formula. The range of increase, therefore, ranged from 1.0% to 2.3%.

### Categorical Grant

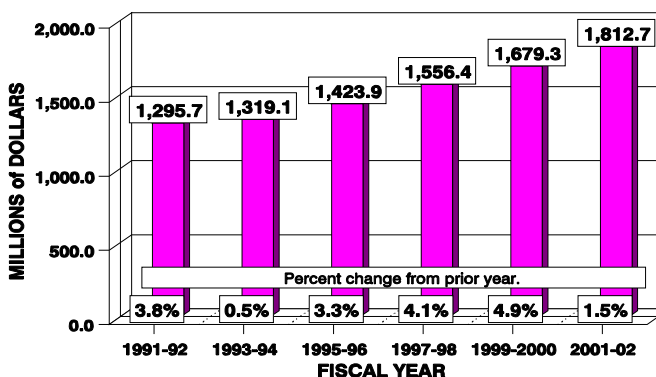
The At-Risk Student Success program is designed to serve students who test at a level that indicates that they will not be successful in college level courses. The funds are allocated based on the relative effort at each institution to serve this population. The FY 2001-02 appropriation for the program remained the same at \$3,692,103.

### Capital Outlay

The Capital Outlay needs of Community Colleges are accommodated in a separate appropriations act. Four community colleges, Lake Michigan College, Mid Michigan Community College, Northwestern Michigan College, and Southwestern Michigan College, received planning authorization for new capital projects during FY 2000-01.

## HIGHER EDUCATION

### Higher Education State General Fund Appropriations FY 1991-92 to FY 2001-02



### FY 2001-02 State General Fund Appropriations (in thousands)

•University Operations	\$1,612,702.4
•King-Chavez-Parks Programs	5,774.4
•State and Regional Programs	69,531.0
•Grants & Financial Aid	124,660.7
<b>TOTAL:</b>	<b>\$1,812,668.5</b>

### Sources of Funding for the 15 Public Universities (in thousands)

	<u>FY 1991-92</u>	<u>% of Total</u>	<u>FY 2001-02*</u>	<u>% of Total</u>
State General Fund	\$ 1,196,822.8	27%	\$1,684,422.8	23%
Tuition & Fees**	857,850.6	20%	1,647,134.0	22%
Other Instructional Revenue**	147,274.6	3%	248,228.0	3%
Non-Instructional Revenue**	2,085,487.1	47%	3,509,872.9	48%
Year-End Balance**	<u>121,721.2</u>	<u>3%</u>	<u>291,571.2</u>	<u>4%</u>
<b>TOTAL:</b>	<b>\$4,409,156.3</b>	<b>100%</b>	<b>\$7,381,228.9</b>	<b>100%</b>

\* Estimates.

\*\* These funds are not appropriated.

## HIGHER EDUCATION

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### Total Student Enrollment

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	<u>1991-92</u>	<u>2000-01</u>	<u>% Chg.</u>
• Fiscal Year Equated (FYES)	217,097	232,648	7.2%
• Headcount	266,348	271,698	2.0%

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### State Appropriation Per Student (FYES)

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	<u>1991-92</u>	<u>2001-02</u>	<u>% Chg.</u>
•Average of 15 Universities (includes appropriations for Agriculture Experiment Station and Cooperative Extension Service)	\$5,513	\$7,240	31.3%

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### Annual Resident Undergraduate Tuition & Required Fees

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	<u>1991-92</u>	<u>2001-02</u>	<u>% Chg.</u>
•Average of Lower and Upper Division for 15 Universities	\$2,722	\$4,943	81.6%

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### Capital Outlay Appropriations

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Capital Outlay appropriations for the 15 public universities are included in a separate appropriation bill. For FY 2001-02, the following projects received authorizations in Senate Bill 1100, the FY 2002-03 Community Colleges appropriations bill:

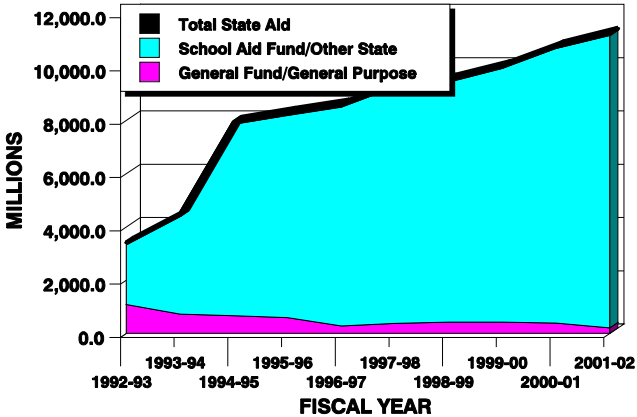
- a) Northern Michigan University: construction authorization for the Fine and Practical Arts Project; and
- b) Northern Michigan University: construction authorization for the Student Services Building.

The FY 2001-02 debt service appropriation for previously authorized university projects is \$123.9 million.

## SCHOOL AID

### School Aid Spending History by Fund Source

FY 1992-93 through 2001-02



### FY 2001-02 School Aid Fund Sources (millions)

• General Fund	\$ 205.6
• School Aid Fund	11,017.7
• Budget Stabilization Fund	<u>32.0</u>
Total State Spending	11,255.3
• Plus Federal Funds	<u>203.0</u>
Total School Aid Act	\$11,458.3

## SCHOOL AID

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### Estimated State and Local Revenues K-12 Education (millions)

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#### FY 2001-02

• State Payments from State Sources	\$ 11,022.6
• Local and Intermediate District Operating Property Taxes *	<u>2,090.3</u>
Total State and Local	\$12,312.7

\* Senate Fiscal Agency estimate.

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### Foundation Allowance Statistics (amounts per pupil)

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	<u>Lowest</u>	<u>Basic</u>	<u>Average<sup>a)</sup></u>
FY 1994-95	\$4,200	\$5,000	\$5,492
FY 1995-96	4,506	5,153	5,685
FY 1996-97	4,816	5,308	5,876
FY 1997-98	5,124	5,462	6,059
FY 1998-99	5,170	5,462	6,068
FY 1999-2000	5,638	5,696	6,320
FY 2000-01	6,000	6,000	6,614
FY 2001-02	6,500	6,300 <sup>b)</sup>	6,952

<sup>a)</sup>Weighted by pupils.

<sup>b)</sup>Although the official basic foundation allowance is \$6,300, there is an equity payment of up to \$200 per pupil in FY 2001-02 to bring all districts up to a minimum foundation allowance of \$6,500. The equity payment will be included in each district's base for future foundation allowance increases.

## DEPARTMENT OF CORRECTIONS

### YEAR-END POPULATIONS OF PRISONS AND CAMPS 1992 THROUGH 2001

Calendar Year-End	Prison & Camp Population	Percent Change
1992	35,131	6.4
1993	36,474	3.8
1994	38,145	4.6
1995	38,854	1.9
1996	40,182	3.4
1997	42,426	5.6
1998	43,821	3.3
1999	44,500	1.5
2000	45,821	3.0
2001*	47,303	3.2

### ANNUAL PRISON INTAKE 1992 THROUGH 2001

Calendar Year-End	Admissions to Prison	Percent Change
1992	10,915	0.5
1993	9,186	(15.8)
1994	8,845	(3.7)
1995	8,657	(2.1)
1996	9,161	5.8
1997	9,572	4.5
1998	9,422	(1.6)
1999	8,811	(6.5)
2000	8,914	1.2
2001*	9,680	8.6

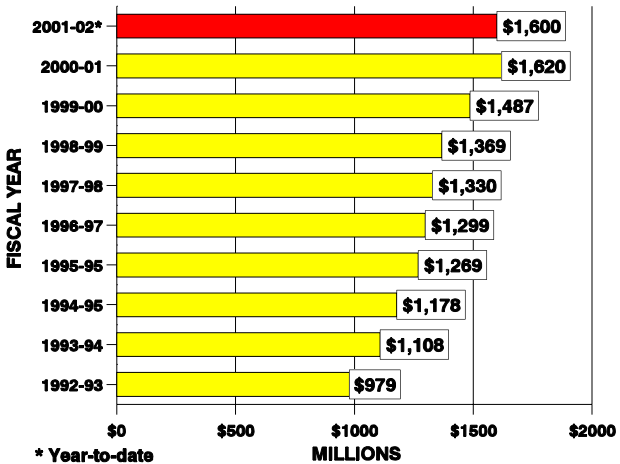
\*Estimate

Source: Michigan Department of Corrections Research Division

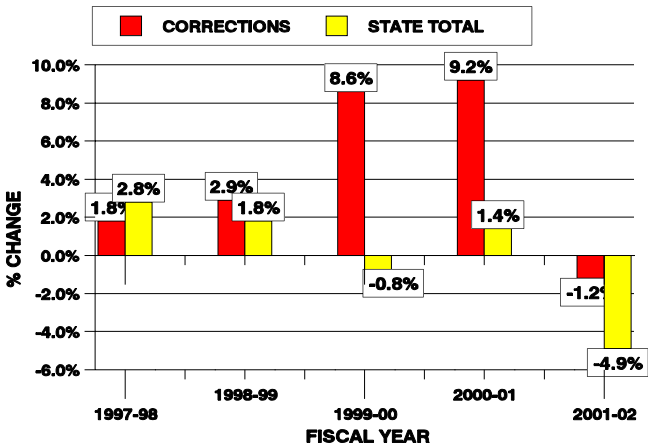


# DEPARTMENT OF CORRECTIONS

## General Fund Appropriations FY 1992-93 through FY 2001-02



## Percentage Change in General Fund Appropriations State Total vs. Department



## FAMILY INDEPENDENCE AGENCY

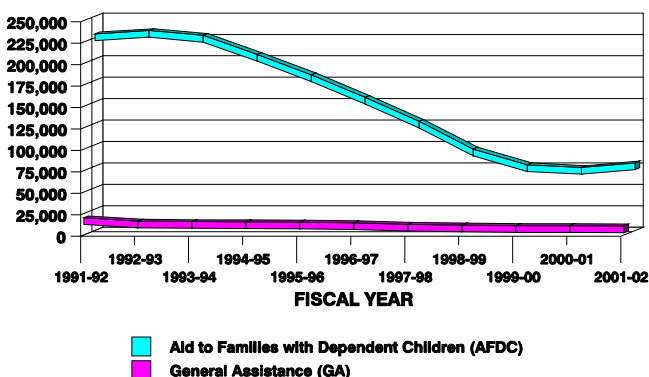
### AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) CASELOAD HISTORY FY 1991-92 THROUGH FY 2001-02

Fiscal Year	AFDC - Unemployed Parent & Regular Program Components	AFDC - Regular Program Component	AFDC - Unemployed Parent Program Component
1991-92	225,359	199,140	26,219
1992-93	229,349	197,796	31,553
1993-94	223,658	195,176	28,482
1994-95	201,336	178,289	23,047
1995-96	177,649	157,988	19,661
1996-97	151,358	136,755	14,603
1997-98	123,392	117,580	5,812
1998-99	90,890	87,639	3,251
1999-2000	72,773	70,557	2,216
2000-01	69,499	67,425	2,074
2001-02 <sup>a)</sup>	75,000	73,000	2,000

<sup>a)</sup> Appropriated.

Source: Family Independence Agency

**Caseload History**  
**FY 1991-92 to FY 2001-02**



## FAMILY INDEPENDENCE AGENCY

### GENERAL ASSISTANCE (GA) CASELOAD HISTORY FY 1985-86 THROUGH FY 2001-02

Fiscal Year	GA - Regular & Family Program Components	GA - Regular Program Component	GA - Family Program Component
1985-86	117,166	109,704	7,462
1986-87	106,706	98,191	8,515
1987-88	101,487	93,310	8,177
1988-89	100,991	92,714	8,277
1989-90	109,100	100,722 <sup>a)</sup>	8,378
1990-91	112,221	104,002 <sup>b)</sup>	8,219
1991-92	16,120	8,196	7,924
1992-93	12,161	8,871	3,290
1993-94	11,744	9,263	2,481
1994-95	11,547	9,291	2,256
1995-96	10,947	8,864	2,083
1996-97	10,207	8,519	1,688
1997-98	8,432	8,432	--- <sup>c)</sup>
1998-99	7,639	7,639	---
1999-00	6,898	6,898	---
2000-01	6,989	6,989	---
2001-02 <sup>d)</sup>	6,700	6,700	

<sup>a)</sup> Includes participants in the Job Start Program.

<sup>b)</sup> GA-Regular Program terminated at end of FY 1990-91, subsequently replaced by State Disability Assistance Program.

<sup>c)</sup> GA - Family caseload shifted into the AFDC - Unemployed category.

<sup>d)</sup> Appropriated caseload.

## DEPARTMENT OF COMMUNITY HEALTH

### MEDICAID 10-YEAR GROWTH FY 1991-92 TO FY 2001-02

Line-Item	FY 1991-92	FY 2001-02 <sup>a)</sup>	% Change
Hospital Services & Therapy	1,089,921,800	658,616,700	(39.6)
Hospital DSH Payments	N/A	45,000,000	N/A
Physician Services	278,995,600	144,916,000	(48.1)
Medicare Premiums	41,576,200	139,506,000	235.5
Pharmaceutical Services	239,980,400	530,170,300	120.9
Home Health Services	17,358,800	27,108,000	56.2
Transportation	6,635,000	6,553,000	(1.2)
Auxiliary Medical Services	48,485,200	87,008,000	79.5
Long Term Care Services <sup>b)</sup>	628,952,600	1,174,454,400	86.7
Health Plan Services <sup>c)</sup>	224,554,000	1,252,637,000	457.8
Medicaid Special Financing	489,081,400	1,212,057,000	147.8
Gross Approp.	3,065,541,000	5,278,026,400	72.2
Total Federal	1,709,940,800	3,005,736,000	75.8
Local Funds <sup>d)</sup>	6,835,300	979,571,300	NMV <sup>e)</sup>
State Restricted <sup>d)</sup>	451,581,400	207,705,400	NMV <sup>e)</sup>
State GF/GP	897,183,500	1,085,013,700	20.9

a) Year-To-Date Appropriations.

b) Includes former Nursing Home & County Medical Care Facilities Accounts.

c) Formerly called Health Maintenance Organizations.

d) Not directly comparable over time as these funds are occasionally recategorized.

e) NMV - No Meaningful Value.

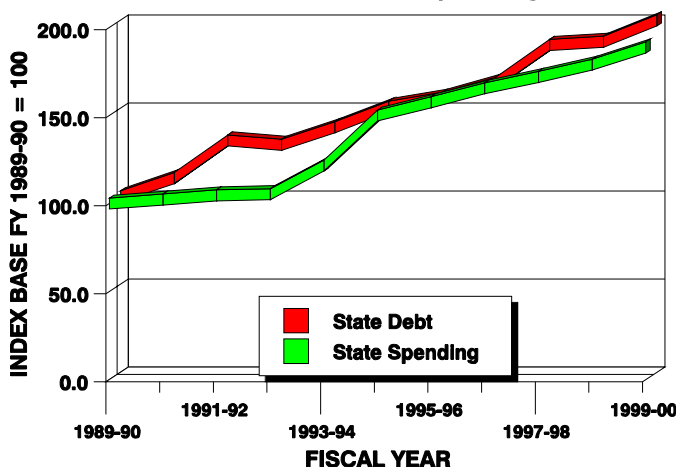
**STATE DEBT OUTSTANDING<sup>1)</sup>**  
**FY 1989-90 VERSUS FY 1999-2000**  
(millions of dollars)

Type of Debt	FY 1989-90	FY 1999-00	Dollar Change
Total General Obligation	\$187.7	\$944.7	\$757.0
Non-General Obligation -			
Dept. of Transportation	500.7	801.8	301.1
Hospital Authority	1,819.7	3,735.5	1,915.8
Housing Authority	2,091.9	2,058.3	(33.6)
Building Authority	1,083.6	1,957.8	874.2
Strategic Fund	1,115.8	2,322.5	1,206.7
All Other	<u>1,007.8</u>	<u>3,789.7</u>	<u>2,781.9</u>
Total State Debt	\$7,807.2	\$15,610.3	\$7,803.1

<sup>1)</sup> Outstanding on September 30 of each fiscal year.

Source: Michigan Department of Treasury

**Growth in State Debt Outstanding  
vs. Growth in State Spending**



## BUDGET STABILIZATION FUND

FY 1991-92 TO 2001-02

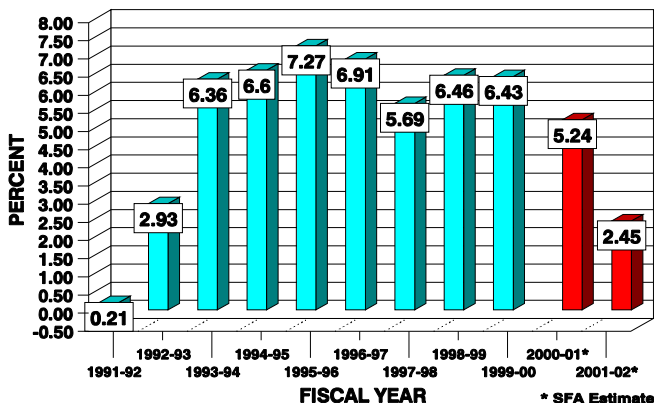
(millions of dollars)

Fiscal Year	Fund Balance (millions)	Balance as a % of GF/GP & SAF Revenues
1991-92	20.1	0.21
1992-93	303.4	2.93
1993-94	775.5	6.36
1994-95	1,003.0	6.60
1995-96	1,153.6	7.27
1996-97	1,152.4	6.91
1997-98	1,000.5	5.69
1998-99	1,222.5	6.46
1999-2000	1,264.4	6.43
2000-01 Est.	994.1	5.24
2001-02 Est.*	458.9	2.45

\*Based on enacted and Governor's recommended withdrawals as of January 2002.

### Budget Stabilization Fund Year-End Balance

As a Percent of GF/GP & SAF Baseline Revenues

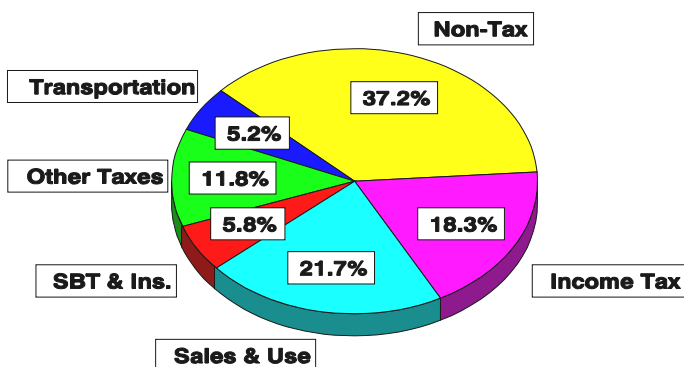


**TOTAL STATE REVENUE SUMMARY**  
**FY 2001-02 ESTIMATE**  
(millions of dollars)

<b>Type of Revenue</b>	<b>SFA Estimate</b>
Income Tax	\$6,701.7
Sales & Use Tax	7,930.0
Single Business & Insurance Taxes	2,112.7
Transportation Taxes	1,895.8
All Other Taxes	<u>4,317.0</u>
Total Taxes	\$22,957.2
Non-Tax Revenue	13,574.7
Total Revenue	\$36,531.9

Source: SFA estimates based on January 2002 Consensus Estimates.

**Total State Revenues by Source**  
**FY 2001-02 Estimate**



# **COMBINED GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE\***

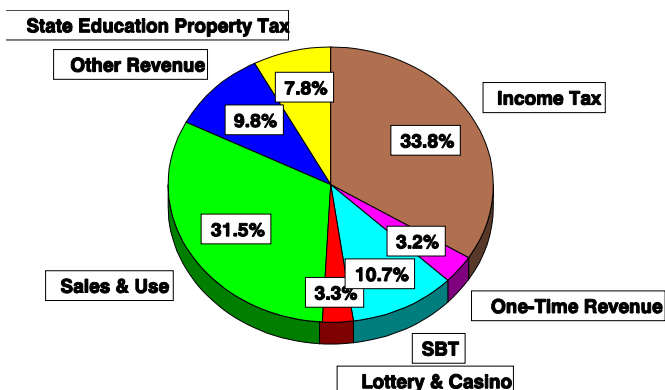
**FY 2001-02  
(millions of dollars)**

<b>Type of Revenue</b>	<b>Consensus Estimate - Jan. 2002</b>
Income Tax	\$6,700.2
Sales & Use Taxes	6,248.3
Single Business & Insurance Taxes	2,112.7
State Education Property Tax	1,548.0
Lottery Revenue & Casino Tax	653.0
One-Time Revenue	628.5
Other Revenue	<u>1,944.1</u>
<b>TOTAL:</b>	<b>\$19,835.1</b>

\* Does not include: beginning balances, estimated at \$28 million for the GF/GP and \$695 million for the SAF; and GF/GP grant to the SAF of \$198 million.

*Source:* January 2002 Consensus Revenue Estimates.

## **Combined GF/GP and School Aid Fund Revenues by Source FY 2001-02**



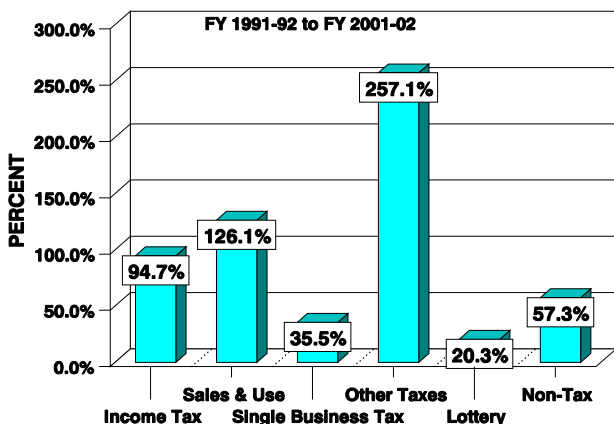


**GROWTH IN COMBINED GF/GP  
AND SCHOOL AID FUND REVENUES\***  
FY 1991-92 TO FY 2001-02  
(millions of dollars)

Type of Revenue	FY 1991-92 Actual	FY 2001-02 Year-End Preliminary	Dollar Change
Income Tax	\$3,440.6	\$6,700.2	\$3,259.6
Sales & Use Tax	2,763.1	6,248.3	3,485.2
Single Business Tax	1,558.8	2,112.7	553.9
Other Taxes	864.6	3,087.8	2,223.2
Lottery	474.0	570.0	96.0
Non-Taxes	<u>160.6</u>	<u>252.6</u>	<u>92.0</u>
<b>TOTAL:</b>	<b>\$9,261.7</b>	<b>\$18,971.6</b>	<b>\$9,709.9</b>

\*Includes on-going earmarked revenues. One-time revenue adjustments and transfers from other funds are not included.

**Percentage Growth in Combined GF/GP  
and School Aid Fund Revenues by Source**



# MICHIGAN AND UNITED STATES POPULATION

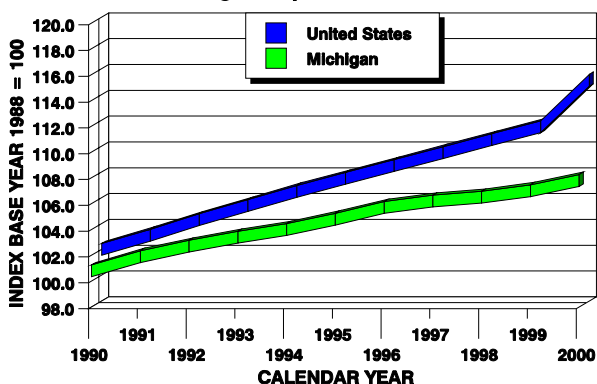
## 1990 TO 2000

(thousands of persons)

Calendar Year	Michigan	United States	Michigan as Percent of United States
1990	9,295.3	249,464.4	3.73
1991	9,395.0	252,153.1	3.73
1992	9,470.3	255,029.7	3.71
1993	9,529.2	257,782.6	3.70
1994	9,584.5	260,327.0	3.68
1995	9,659.9	262,803.3	3.68
1996	9,739.2	265,228.6	3.67
1997	9,785.5	267,783.6	3.65
1998	9,820.2	270,248.0	3.63
1999	9,863.8	272,690.8	3.62
2000	9,938.4	281,421.9	3.53

Source: Michigan Department of Management and Budget

## Growth in United States vs. Michigan Population: 1990-2000

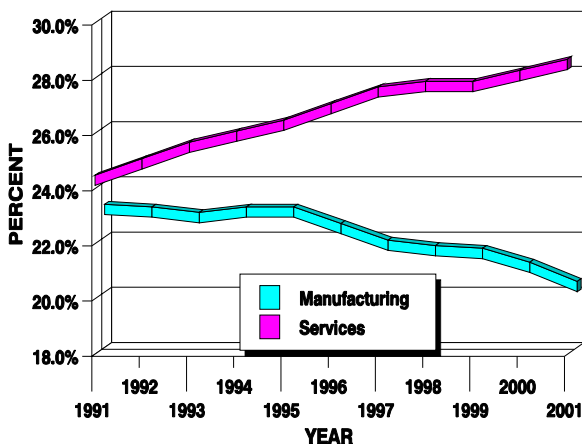


**MICHIGAN NON-FARM EMPLOYMENT  
BY BUSINESS SECTOR  
1991 TO 2001  
(thousands, calendar year)**

Year	Total	Mfg.	Svcs.	Govt.	Trade
1991	3,891	897	946	636	931
1992	3,927	901	980	639	926
1993	4,006	908	1,022	639	943
1994	4,147	952	1,075	639	971
1995	4,274	980	1,125	641	1,004
1996	4,361	972	1,172	644	1,025
1997	4,448	966	1,222	647	1,046
1998	4,510	970	1,249	656	1,055
1999	4,582	982	1,267	668	1,075
2000	4,679	980	1,317	684	1,094
2001 est.	4,679	946	1,332	698	1,095

*Source:* United States Bureau of Labor Statistics

**Michigan Employment by Sector  
1991 through 2001**

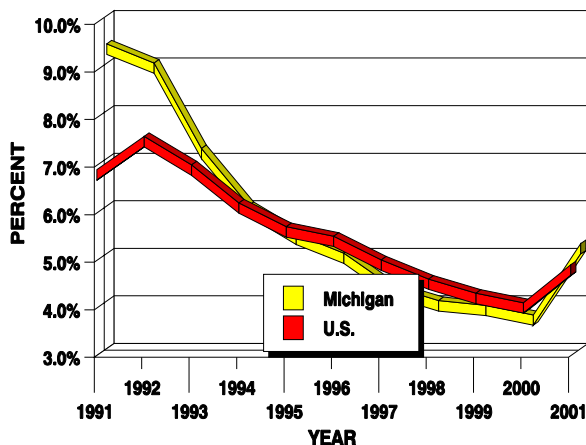


## MICHIGAN'S LABOR MARKET 1991 THROUGH 2001

	Michigan Unemployed (000's)	Michigan Unemployment Rate	U.S. Unemployment Rate
1991	427	9.3	6.8
1992	417	8.9	7.5
1993	335	7.1	6.9
1994	285	5.9	6.1
1995	258	5.3	5.6
1996	239	4.9	5.4
1997	209	4.2	4.9
1998	194	3.9	4.5
1999	194	3.8	4.2
2000	185	3.6	4.0
2001 est.	266	5.1	4.8

Source: United States Bureau of Labor Statistics

### Michigan & U.S. Unemployment Rates 1991 through 2001

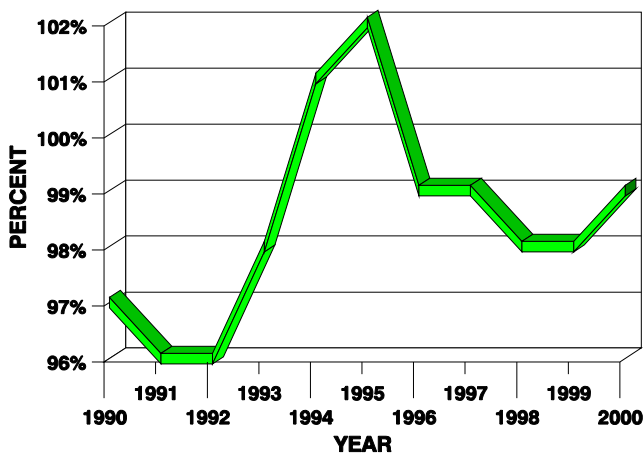


## MICHIGAN PERSONAL INCOME 1990 TO 2000

Year	Michigan Personal Income (Millions)	Percent Change	Per Capita Personal Income	
			Michigan	Michigan as a % of U.S.
1990	177,103	4.7	19,022	97
1991	181,495	2.5	19,318	96
1992	192,038	5.8	20,278	96
1993	203,828	6.1	21,390	98
1994	219,121	7.5	22,862	101
1995	231,594	5.7	23,975	102
1996	238,095	2.8	24,447	99
1997	250,216	5.1	25,570	99
1998	264,645	5.8	26,949	98
1999	275,964	4.3	27,977	98
2000	289,390	4.9	29,118	99

*Source:* United States Department of Commerce

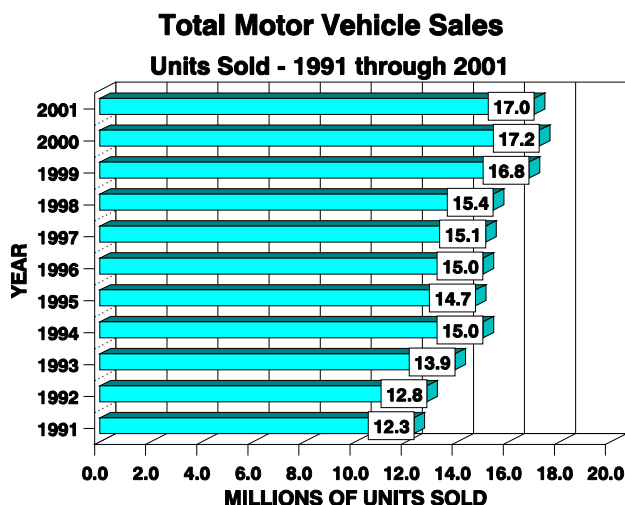
### Michigan Per-Capita Personal Income As a Percent of U.S. Average: 1990-2000



**U.S. LIGHT MOTOR VEHICLE SALES**  
**1991 TO 2001**  
(millions of units)

Calendar Year	Auto Sales	Import Share (%)	Light Truck Sales	Total Light Vehicle Sales
1991	8.2	24.9	4.1	12.3
1992	8.2	23.6	4.6	12.8
1993	8.5	20.9	5.3	13.9
1994	9.0	19.3	6.0	15.0
1995	8.6	17.5	6.1	14.7
1996	8.5	14.9	6.5	15.0
1997	8.3	16.5	6.8	15.1
1998	8.1	16.9	7.3	15.4
1999	8.7	19.7	8.1	16.8
2000	8.9	22.8	8.4	17.2
2001	8.4	24.9	8.6	17.0

*Source:* United States Department of Commerce

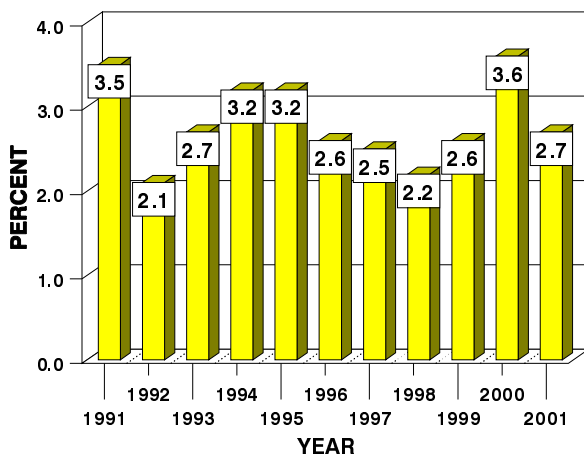


**CONSUMER INFLATION  
(DETROIT CPI)  
1991 THROUGH 2001**

Calendar Year	Detroit CPI	Percent Change
1991	133.1	3.5
1992	135.9	2.1
1993	139.6	2.7
1994	144.0	3.2
1995	148.6	3.2
1996	152.5	2.6
1997	156.3	2.5
1998	159.8	2.2
1999	163.9	2.6
2000	169.8	3.6
2001	174.4	2.7

*Source:* United States Department of Commerce

**Consumer Inflation (Detroit CPI)  
1991 through 2001**



## BUDGET DEVELOPMENT TIMEFRAME

<u>Month/Year</u>		<u>Action Taken</u>
May 2001		Dept. of Management and Budget (DMB - Executive Branch) Develop Program Policy Guidelines.
June 2001	2	Guidelines Sent to Departments to Draft Their Budgetary Requests.
September 2001	0	Departments Return Budget Requests to DMB.
October and November 2001	0	Departments meet with Governor's Budget Officials.
December 2001	1	Governor's Decisions Made.
January 2002		Governor's Recommendation Prepared for Submission to Legislature, Governor's State-of-the-State and Budget Message Prepared; Consensus Revenue Estimating Conference Meets.
February 2002	2	Budget Documents Delivered to Legislature -- Legislative Action Begins.
March-May 2002	0	Legislative Action -- Subcommittee and Committee Hearings, Floor Votes.
June 2002	0	Consensus Revenue Estimating Conference Meets; Budget Targets are Set; Conference Committees Meet.
July-August 2002	2	Governor Signs (or Vetoes) Bills -May Include Line-item Vetoes.
October 1, 2002		Fiscal Year 2002-03 Begins.
Oct. 1, 2002 - Sept. 30, 2003	2	Possible Supplementals & Transfers.
Sept. 30, 2003	0	Fiscal Year 2002-03 Ends.
	3	
January 2004	2004	Preliminary Book Closings - FY 2002-03.
March 2004		Final Book Closings - FY 2002-03.



## SAMPLE APPROPRIATION UNIT FOR A PROGRAM BUDGET

DEPARTMENT OF CAREER DEVELOPMENT			Title of appropriation unit
1 WORKFORCE DEVELOPMENT			Total number of classified positions in unit
2 Full-time equated classified positions . . . . .	35.0		
3 Administration-30.0 FTE positions . . . . .	\$2,192,900		Name of program
4 Employment training services-5.0 FTE positions . . .	22,285,400		
5 Grants . . . . .	21,209,800		Number of positions funded in this program
6 Michigan career and technical institute . . . . .	<u>1,000,000</u>		
7 GROSS APPROPRIATION . . . . .	\$46,688,100		Funding for program
8 Appropriated from:			
9 Interdepartmental grant revenues:			Total funding for all programs = Lines 3 + 4
10 IDG from civil service . . . . .	1,000,000		+ 5 + 6
11 ADJUSTED GROSS APPROPRIATION . . . . .	\$45,688,100		Grant from Department of Civil Service
12 Federal revenues:			
13 DOL-job training partnership act . . . . .	1,735,000		Line 7 minus line 10
14 Special revenue funds:			
15 Private-foundation revenue . . . . .	200,000		List of all funding sources for the unit =
16 Second injury fund . . . . .	100,000		Lines 13 + 15 + 16 + 17 = Line 11,
17 State general fund/general purpose . . . . .	\$43,653,100		ADJUSTED GROSS APPROPRIATION

# **GLOSSARY OF GOVERNMENTAL BUDGETING AND ACCOUNTING TERMS AND DEFINITIONS**

## **I. TERMS**

### **GENERAL FUND**

By statute, the State General Fund covers all State appropriation, expenditure and receipt transactions, except those for which special constitutional or statutory requirements demand separate fund accounting. Most of the traditional State services are included in the General Fund.

The accounts of the General Fund reflect the major share of the State's fiscal transactions. It is the predominant element in the annual budget review and enactment from the viewpoints of both appropriations and taxes. This is evidenced by the frequent identification of the "General" Fund with the State of Michigan as a whole.

The General Fund is financed by what are defined as general purpose and restricted revenues. General purposes are self-explanatory. Restricted revenues are those resources that, by Constitution, statute, contract or agreement, are reserved to specific purposes, and expenditures that are limited by the amount of revenue realized.

### **SPECIAL REVENUE FUNDS**

These are funds used to finance particular activities from the receipts of specific taxes or other revenue.

Such a fund is created by constitution or statute to provide certain activities with definite and continuing revenues. After the fund is created, it usually continues year after year until discontinued or revised by equivalent authority. Accounting transactions are treated the same as they are in the General Fund.

### **REVOLVING FUNDS**

Revolving funds are those employed to finance industrial, commercial, and service activities of the State, the expenses of which are to be met by operating income; or to finance supply inventories for State institutions.

Three distinct types of enterprises are financed through revolving funds; the most important from the standpoint of volume of transactions consist of those of a public service character. These serve the general public, and their income is derived principally from sales of products or services. The Liquor Purchase Revolving Fund is an example of this type. Another class consists of those that serve State agencies. The Motor Transport Revolving Fund and Paper and Stationery Revolving Fund are examples of this type. The third is the Inventory Revolving Fund.

### BOND FUNDS

Bond funds are used to account for the receipt and disposition of the proceeds of all bonds issued. A separate Bond Fund must be provided for each bond issue, and each such fund must have its own self-balancing set of accounts.

The manner and degree in which the bond proceeds are allocated to specific expenditure purposes will vary depending on the original authorization and related statutory implementation.

### BOND AND INTEREST REDEMPTION FUNDS

Such a fund is established to account for the financing and payment of matured serial bonds and interest of a specific bond issue. It serves principally as a receiving and disbursing device.

Financing is provided by other State funds or designated sources.

The cash in this fund is segregated from other State cash and can be used only for payment of interest coupons or redemption of matured bonds.

### TRUST AND AGENCY FUNDS

Trust funds consist of assets received and held by the State in a capacity similar to that of a trustee. Agency funds consist of money received by the State as agent for other governmental units.

Most of the trust funds are of the expendable type, i.e., the total resources are available for expenditure in accordance with the provisions of the trust or other restrictions.

Most trust and agency funds have receipts and make expenditures and it is necessary to set up accounts to show the kind of receipts and the nature of expenditures. At the end of a fiscal period, the receipts and expenditures are closed out and the difference is used to increase or decrease the fund balance.

All receipts and expenditures of trust and agency funds are of a nonoperating nature.

### FUNDS AND APPROPRIATIONS

The terms "fund" and "appropriation" are often confused.

A fund represents a distinct phase of the activities of government and the fund is controlled by a self-balancing group of accounts in which all of the financial transactions of the particular phase are recorded. For instance, the State General Fund is established to account for the general activities of State government.

An appropriation is a legal authorization to make specified expenditures for specified purposes. A separate account is set up within each fund to account for each appropriation. Appropriations may be created by annual legislative enactment and other statutory or constitutional provisions.

The appropriations that make up the State budget can be measured at several different levels. Gross appropriations include all sources of appropriations.

Adjusted gross appropriations are defined as gross appropriations less interdepartmental grants received. State spending from State resources appropriations equal adjusted gross appropriations less Federal, private, and local funds. General Fund/General Purpose appropriations are State spending from State resources appropriations less State restricted funds.

## **II. DEFINITIONS**

### **ACCOUNTING PERIOD**

A period at the end of which and for which financial statements are prepared.

### **ACCOUNTING SYSTEM**

Records and procedures, both formal and informal, that relate to the assembling, recording and reporting of information related to the financial operations, and that also provide necessary internal controls.

### **ACCOUNTS PAYABLE**

Amounts owed to others for goods and services received and assets acquired.

### **ACCOUNTS RECEIVABLE**

Amounts due from others for goods furnished and services rendered. Such amounts include reimbursements earned and refunds receivable.

### **ACCRUAL BASIS OF ACCOUNTING**

The basis of accounting under which revenues are recorded when earned and expenditures are recorded when goods are received and services performed even though the receipt of the revenue or the payment of the expenditure may take place, in whole or part, in another accounting period.

### **ALLOTMENT**

A portion of an appropriation set aside for use during a certain period or for a particular purpose.

### **APPROPRIATION**

An authorization granted by the Constitution or the Legislature to make expenditures and to incur obligations for a specific purpose. An appropriation is usually limited in amount and as to the time when it may be spent, normally calendar or fiscal year. In the case of Michigan, the fiscal year is October 1 to September 30.

### **ASSETS**

Any item of economic value owned by a governmental unit. The item may be physical in nature (tangible) or a right to ownership (intangible) that is expressed in terms of cost or some other value.

## AUDIT

The examination of some or all of the following items: documents, records, reports, systems of internal control, accounting procedures, and other evidence, for one or more of the following purposes: (a) determining the propriety, legality, and mathematical accuracy of proposed or consummated transactions; (b) ascertaining whether all transactions have been recorded; and (c) determining whether transactions are accurately reflected in the accounts and in the statements drawn from them in accordance with accepted accounting principles.

## BALANCED BUDGET

A budget in which receipts are equal to or greater than outlays.

## BASELINE REVENUE

Total revenue excluding revenue derived from one-time revenue items and tax structure changes. One-time revenue items typically include such things as an accounting change that results in a one-time revenue gain during the period when the change is implemented or a one-time transfer of revenue from one fund to another fund. Tax structure changes include tax rate increases or decreases, and additions to or subtractions from the base of a tax.

## BOILERPLATE

A language section of any appropriation bill that provides for legislative intent or further legal clarification of the line-item appropriation.

## BUDGET

A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.

## CAPITAL OUTLAY

Expenditures that result in the acquisition of or additions to fixed assets, i.e., land acquisition, building and construction, addition, or renovation.

## CARRY FORWARD

A portion or total of the unspent balance of an appropriation that is made available for expenditure in the succeeding year.

### CASH BASIS OF ACCOUNTING

The basis of accounting whereby revenues are recorded when received in cash and expenditures (outlays) are recorded when paid, without regard to the accounting period to which the transactions apply.

### CONSUMER PRICE INDEX

A measure of the average change in prices over time in a fixed market basket of goods and services typically purchased by consumers.

### DEFICIT

The excess of the liabilities and reserves of a fund over its assets.

### DEPRECIATION

The systematic and rational allocation of the costs of equipment and buildings (having a life of more than one year) over their useful lives. To match costs with related revenues in measuring income or determining the costs of carrying out program activities, depreciation reflects the use of the asset(s) during specific operating periods.

### DISPOSABLE INCOME

Personal income less personal tax and nontax payments.

### ENCUMBRANCES

An amount of the available balance of an allotment earmarked for paying anticipated or known obligations.

### FISCAL YEAR

Any yearly accounting period. The State's fiscal year begins on October 1 and ends on the following September 30.

### FISCAL YEAR EQUATED STUDENT (FYES)

This represents 30 student credit hours per year.

### FISCAL POLICY

Federal government policies with respect to taxes, spending and debt management, intended to promote the nation's macroeconomic goals, particularly with respect to employment, gross national product, price level stability, and equilibrium in balance of payments. The budget process is a major vehicle for determining and implementing Federal fiscal policy. The other major component of Federal macroeconomic policy is monetary policy.

### FULL FAITH AND CREDIT DEBT

State and local debt for which the credit of the government, implying the power of taxation, is unconditionally pledged.

### FULL TIME EQUATED (FTE)

This represents 2,080 hours of employee compensated time (2,088 in a leap year), including all annual leave and used sick leave.

### GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Accounting procedures and methods established by the Governmental Accounting Standards Board (GASB).

### GROSS DOMESTIC PRODUCT

The market value of the output of all goods and services produced by the nation's economy, before deduction of depreciation charges and other allowances for capital consumption.

### INDIRECT COST

Any cost that is incurred for common objectives and therefore cannot be directly charged to any single cost objective. These costs are allocated to the various classes of work in proportion to the benefit to each class. Indirect cost is also referred to as overhead cost.

### INFLATION

A rise in the general price level that results in a decline in the purchasing power of money.

### LABOR FORCE

All persons 16 years of age or over who are either employed or unemployed and actively looking for a job. Total labor force includes members of the armed forces stationed either in the United States or abroad. They are excluded from civilian labor force.

### LAPSE

As applied to appropriations, this term denotes the termination of all or part of the balance of an appropriation. An appropriation is usually made for the period of a fiscal year, at the end of which the balance is lapsed, subject to constitutional and/or statutory directives.



## LIABILITIES

Amounts owed for items received, services rendered, expenses incurred, assets acquired, construction performed (regardless of whether invoices have been received), and amounts received but as yet unearned. Included are amounts owed for goods in the hands of contractors under the constructive delivery concept (when the records of the agency provide such information), and amounts owed under grants, pensions, awards, and other indebtedness not involving the furnishing of goods and services. The two classifications occurring most frequently are the following:

### CURRENT LIABILITIES

Liabilities that will be due within a short time (usually one year or less) and that are to be paid out of current assets.

Includes all amounts owed on the basis of invoices or other evidence of receipt of goods and services, other amounts owed for the purchase of goods and services even if not "due and payable", and deferred income (received but earned).

### LONG-TERM AND UNFUNDED LIABILITIES

Liabilities that will not be due for a comparatively long time (usually more than one year). However, as they come within the one-year range, and are to be paid, such liabilities become current.

Includes bonded debt, notes payable, and liabilities that will not become obligations until a later time (e.g., accrued annual leave in the case of appropriation accounts).

## MONETARY POLICY

Policies affecting the money supply, interest rates, and credit availability, that are intended to promote national macroeconomic goals—particularly with respect to employment, gross domestic product, price level stability, and equilibrium in balance of payments. Monetary policy is directed primarily by the Board of Governors of the Federal Reserve System and the Federal Open Market Committee.

Monetary policy works by influencing the cost and availability of bank reserves. This is accomplished through open-market operations, the purchase and sale of securities (primarily government securities), changes in the ratio of reserves to deposits that commercial banks are required to maintain, and changes in the discount rate and the Federal funds rate.

### OVER EXPENDITURES

An over expenditure occurs when actual expenditures of a State agency or program exceed the level authorized by the Legislature. This exceeding of an authorization can occur on the total appropriation authorization, or when one or more earmarked fund sources contained in an appropriation line item exceed the level authorized.

### PERSONAL INCOME

Income received by individuals, from all sources including wages and salaries, interest, dividends, rent, workers' compensation, proprietors' earnings, and transfer payments.

### REFUNDABLE TAX CREDITS

Certain tax credits are refundable to the taxpayer. The tax credit is first to be applied against tax liability. If the excess is treated as an overpayment of taxes and the amount of the credit is greater than the tax liability, the excess refunded to the taxpayer. An example is the Homestead Property Tax Credit provided by Public Act 20 of 1973, as amended.

### RESERVES

While the State operates on the principle that unspent appropriation balances are canceled at the end of the fiscal year, constitutional and statutory provisions create a number of deviations from this general rule. These exceptions include appropriations for capital additions, repair, and alternations; special projects; and purchase orders on which the State is obligated, but on which delivery has not been made at September 30. In addition, included are amounts received from certain revenue sources that by law may be used only for specified purposes.

### RESTRICTED REVENUE

That income of a fund that by law is earmarked (appropriated) to finance some specific activity or group of related activities.

### REVENUE

The income attributable to a designated fiscal accounting period that will affect the balance (surplus) or deficit resulting from the operations of that period. Certain items earned during that period are also considered revenue of that period even though the cash is not received until a subsequent period.

## SECURITIES

Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.

## SELF-LIQUIDATING DEBT

Debt obligations whose principle and interest are payable primarily from the earnings of enterprises for the construction or improvement of which they were originally issued.

## SHORT-TERM DEBT

Interest-bearing debt payable within one year from date of issue, such as bond anticipation notes, bank loans, and tax anticipation notes and warrants. It includes obligations having no fixed maturity date if payable from a tax levied for collection in the year of their issuance.

## STATE SPENDING FROM STATE RESOURCES

A term used to define a level of State appropriations pursuant to Article IX, Section 30 of the Constitution of the State of Michigan. State spending from State resources equals adjusted gross appropriations less Federal, local, and private funding sources.

## SUPPLEMENTAL APPROPRIATION

An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond the original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) in cases where the need for funds is too urgent to be postponed until enactment of the next regular appropriation bill.

## SURPLUS

The excess of the assets of a fund over its liabilities and necessary reserves. While the liabilities represent amounts owed or payable or in process of payment, the reserves are segments set aside for special use, due to constitutional or statutory provisions, or contracts and agreements with other governmental units or private grantors.

## TAX CREDITS

Tax credits include any special provision of law that results in a dollar-for-dollar reduction in tax liabilities that would otherwise be due. Tax credits may result in a reduction of tax collections or an increase in the value of tax refunds.

### TAX EXPENDITURES

Revenue losses attributable to provisions of the tax laws that allow a special exclusion, or deduction from gross income, or that provide a special credit, preferential tax rate, or deferral of tax liability.

### TAXES

Sums imposed by a government authority upon persons or property to pay for government services.

The power to impose and collect taxes is given to the Legislature in Article 9, Section 1 of the State Constitution of 1963.

### TOTAL DEBT

All long-term obligations of the government and its agencies (whether backed by the unit of government's full faith and credit or non-guaranteed) and all interest-bearing short-term credit obligations. Long-term obligations are those repayable more than one year after issue.

### TRANSFER BETWEEN APPROPRIATION ACCOUNTS

A transaction that, pursuant to law, withdraws budget authority or balances from one appropriation account for credit to another, within a single department. Transfers that result in significant changes in appropriation policy are referred to as legislative transfers. These legislative transfers require the approval of the House and Senate Appropriations Committees to be effective. Transfers that occur as a result of cost and price variances are referred to as administrative transfers. These transfers take effect unless they are disapproved by either the House or Senate Appropriations Committee.

### UNALLOTTED BALANCE OF APPROPRIATION

An appropriation balance available for allotment.

### UNENCUMBERED BALANCE OF ALLOTMENT

That portion of an allotment not yet spent or encumbered; the balance remaining after deducting from the allotment the accumulated expenditures and outstanding encumbrances.

### WORK PROJECT

A one-time nonrecurring undertaking for the purpose of accomplishing an objective contained in a specific line-item appropriation, or any other specific line-item appropriation designated as a work project pursuant to the Management and Budget Act, Sec. 451a.

**SENATE FISCAL AGENCY**  
**8th Floor Victor Building - P.O. Box 30036**  
**Lansing, Michigan 48909**  
**PHONE (517) 373-2768**  
**TDD (517) 373-0543; FAX (517) 373-1986**  
<http://www.senate.state.mi.us/sfa>

**Gary S. Olson, Director**  
**Ellen Jeffries, Deputy Director**

**ALPHABETICAL INDEX OF**  
**STATE DEPARTMENTS/BUDGET AREAS**

<b><u>Department/Budget Area</u></b>	<b><u>SFA Analyst</u></b>
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Attorney General .....	Bill Bowerman
Budget Tracking .....	Charles Allen
Capital Outlay .....	Michael Hansen
Career Dev. & Strategic Fund .....	Maria Tyszkiewicz
Civil Rights .....	Jessica Runnels
Civil Service .....	Jessica Runnels
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Transportation .....	Craig Thiel
Treasury .....	Jessica Runnels

## LEGISLATIVE ANALYSIS

Bill Analysis Coordinator . . . . . Suzanne Lowe

### Patrick Affholter

- Economic Development, International Trade and Regulatory Affairs
- Families, Mental Health and Human Services
- Judiciary
- Senior Citizens and Veterans Affairs

### Claire Layman

- Education
- Farming, Agribusiness and Food Systems
- Financial Services
- Gaming and Casino Oversight
- Transportation and Tourism

### Nobuko Nagata

- Banking and Financial Institutions
- Hunting, Fishing and Forestry
- Local, Urban and State Affairs
- Natural Resources and Environmental Affairs

### George Towne

- Finance
- Government Operations
- Health Policy
- Human Resources and Labor
- Technology and Energy

## SUPPORT PERSONNEL

Bill Analysis Secretary . . . . .	Linda Scott
Business Manager . . . . .	Patricia Schrauben
Business Manager's Assistant . . . . .	Pam Yeomans
Computer Systems Analyst . . . . .	Fred Cremeans
Executive Secretary . . . . .	Karen Hendrick
Information Systems Specialist . . . . .	Charles Allen
Receptionist & Publication Requests . . . . .	Susan Slider
Unit Secretaries:	
General Government . . . . .	Patricia Stinton-Harper
Human Services & Education . . . . .	Lynda Davis/Pam Yeomans



## NOTES

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